

**UNITED STATES DEPARTMENT OF AGRICULTURE**

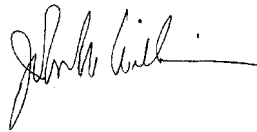
Farm Service Agency  
Washington, DC 20250

**Notice FI-2550**

**For:** State and County Offices

**Integrated Correction Process (ICP) Changes for Canceled Payments**

**Approved by:** Deputy Administrator, Management



**1 Overview**

**A**

**Background**

Before installing County Release No. 493, certain payment cancellations were establishing a receivable with a generic program code "CANCELPAYMNT". County Release No. 493 provided software modifications to ICP when a payable is being canceled to:

- rephrase the question about check availability
- require that a reason code for the cancellation be entered
- assign the payable program code to the receivable.

**B**

**Purpose**

This notice provides State and County Offices:

- instructions for processing cancellations
- examples of screens in ICP
- information on the importance of correctly identifying if CCC-184 is available in the County Office.

**C**

**Contact**

If there are any questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Samuel Cooper, FMD at 703-305-1310.

**Disposal Date**

May 1, 2003

10-10-02

**Distribution**

State Offices; State Offices relay to County Offices

## 2 Canceling a Payment Transaction

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### A

#### Where to Initiate a Cancellation of a Payment Transaction

The County Office initiates the cancel payment transaction in either of the following:

- the program application if the payment was initiated in the program application, and the program application contains incorrect data

**Notes:** The program application will interface with ICP.

See applicable program handbook for overpayment and underpayment procedures.

- the accounting application if the payment was initiated in the Disbursement/Check Writing function.

**Note:** The Disbursement/Check Writing function will interface with ICP.

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### B

#### Determining ACH (Automated Clearing House) (Direct Deposit) Payment Availability

ICP is used to determine if the ACH payment is available for cancellation, or if a receivable must be established to record an amount due from the producer or vendor.

If the original payment was disbursed as an ACH disbursement, then ICP searches the pending ACH file to determine if ACH has been queued for transmission. If the ACH record:

- has not been queued for transmission and is on the ACH pending file, the ACH record is deleted from the pending ACH file and a receivable is not established
- is not on the ACH pending file, then the producer or vendor has received the funds erroneously and a receivable is established as an amount due FSA/CCC.

**Important:** Once ACH is queued for transmission, the record cannot be removed from the transmission file even if the file has not been transmitted.

**If the payable amount was previously modified, ACH is determined to not be available because an overpayment or underpayment was calculated, and there is no exact matching record. A receivable will be established as an amount due FSA/CCC.**

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## 2 Canceling a Payment Transaction (Continued)

### C Determining CCC-184 Payment Availability

ICP cannot automatically determine if the CCC-184 payment is available for cancellation, or if a receivable must be established to record an amount due from the producer or vendor. Therefore, when payment was disbursed by CCC-184, ICP requires the user to provide input as to the CCC-184's availability. County Release No. 493 revised the question about the check's availability. The following is an example of the revised Check Available Screen ANK52010.

|  |                              |            |            |
|--|------------------------------|------------|------------|
| Accounting   | 081 LITTLE RIVER             | Cancel     | ANK52010   |
| Check Available Screen                               | Version: AD87 09-24-02 12:44 |            | Term W2    |
| -----  |                              |            |            |
| Producer/Non Producer ID 345 67 8992 S SLYBOY BARKER |                              |            |            |
| Program Code 02CRPCANCEL                             |                              | Amount     | 1750.00    |
| Check Number 44788009                                |                              | Issue Date | 07-31-2002 |
| Reference: Contract Number 0009                      |                              |            |            |
| Do you have this check in your office? ____          |                              |            |            |
| Enter=Continue                                       |                              |            |            |

### D Completing Screen ANK52010

In the field "Do you have this check in your office?", ENTER:

- "Y" when the original CCC-184 is in the office

**Note:** ICP will update the accounting payment history file to show CCC-184 as "Payment canceled/Check available". No receivable will be established. Screen ABK53005 will be displayed to enter the printer number to be used to print the Producer's Transaction Statement.

- "N" when the original CCC-184 is not in the office.

**Note:** ICP will update the accounting payment history file to show CCC-184 as "Issued Check - Payment canceled/Check not available". The physical check remains issued because it is not available for cancellation. A receivable will be established as an amount due FSA/CCC. Amount Due Screen ANK52020 will be displayed to complete the receivable establishment.

**Exception:** A receivable will not be established if the user is canceling the disbursement to issue a substitute CCC-184 through Disbursement/Check Writing Menu ANK000, Option 10, "Substitute Function".

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### 2 Canceling a Payment Transaction (Continued)

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#### E

#### Example of Screen ANK52020

If the original check being canceled is not available, Screen ANK52020 will be displayed to enter the receivable data. The following is an example of Screen ANK52020.

|                   |                  |                  |          |
|-------------------|------------------|------------------|----------|
| Accounting        | 081 LITTLE RIVER | Cancel           | ANK52020 |
| Amount Due Screen | Version: AD87    | 09-24-2002 17:44 | Term W2  |

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1750.00 is still outstanding from SLYBOY BARKER  
Producer/Non-producer ID 345 67 8992 S      Program Code 02CRPCANCEL  
Reference Contract Number 0009

Enter a Basis of Debt Code 10341    See Handbook 67-FI Exhibit 6 & 7  
Enter interest start date and program code if interest is due.  
Interest Start Date \_\_\_\_\_ Interest Program Code \_\_\_\_\_  
Enter charge(s) program code and amount if due.  
Charge Program Code 1 \_\_\_\_\_ Amount Due \_\_\_\_\_  
Charge Program Code 2 \_\_\_\_\_ Amount Due \_\_\_\_\_

Enter=Continue      Cmd6=Show Payments    Help=Help Text

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## 2 Canceling a Payment Transaction (Continued)

### F

#### Completing Screen ANK52020

The following table describes the entries that may be made on Screen ANK52020.

| Field  | Valid Entry  |
|--|--|
| Basis of Debt Code                             | Five-digit code where the first 2 digits represent the discovery code, shown in 67-FI, Exhibit 6, and the last three digits represent the reason code, shown in 67-FI, Exhibit 7.<br><br><b>Note:</b> The system defaults to “10341”, which is program operations, check cancellation. |
| Interest Start Date                            | Enter the date the program interest begins, if program interest is required. Refer to program procedures to determine if program interest is required.   |
| Interest Program Code                          | Enter the program code for the interest.<br><br><b>Note:</b> The system will calculate interest. If the interest rate is not on system table, Interest Rate Screen ANK52021 will be displayed for entering the rate.   |
| Charge Program Code 1<br>Charge Program Code 2 | Enter the program code for any additional program charges associated with the payment cancellation according to 67-FI, Exhibit 4.<br><br><b>Example:</b> Liquidated damages is a program charge.   |
| Amount Due                                     | Enter the amount of the program charge.  |

If the check is available in the County Office, but the user incorrectly entered “N”, complete the following steps.

| Step | Action   |
|------|--|
| 1    | PRESS “Cmd 6” to display Check Status Screen ANK52025. |
| 2    | PRESS “Cmd2” to redisplay Screen ANK52010.             |
| 3    | ENTER “Y”, and PRESS “Enter”.                          |

**Note:** ACH payments that are queued, and payments associated with a payable that has been corrected, will be processed as “not available”.

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## 2 Canceling a Payment Transaction (Continued)

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**F**  
**Completing**  
**Screen**  
**ANK52020**  
**(Continued)**

If the check is not available, complete Screen ANK52020, and PRESS “Enter”. Screen ANK52020 will redisplay with the total amount due. The question, “Do you want an initial notification letter printed? (Y/N)”, will be displayed.

If the initial notification letter:

- should be printed, ENTER “Y” and PRESS “Enter”.
- was manually issued, ENTER “N” and PRESS “Enter”.

Cancel Reason Screen ANK52026 will be displayed to enter a reason code for the cancellation.

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## Notice FI-2550

### 2 Canceling a Payment Transaction (Continued)

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#### G

#### Reason Code for Cancellation

After installing County Release No. 493, the County Office must enter a reason code on Screen ANK52026 when cancelling a payment that results in a receivable being created. The reason code assists the County Office in determining any corrective action that must be taken. The following is an example of Screen ANK52026.

|   |                      |                  |          |
|---|----------------------|------------------|----------|
| Accounting  | 081 LITTLE RIVER     | Cancel           | ANK52026 |
| Cancel Reason Screen  | Version: AD87        | 09-30-2002 13:30 | Term W2  |
| -----   |                      |                  |          |
| Producer/Non-Producer ID  | 345 67 8992 S        | SLYBOY BARKER    |          |
| Program Name  | Check Writing        | Amount Due       | 1750.00  |
| Reference   | Contract Number 0009 |                  |          |
| 1. I recorded a program correction that established a receivable.<br>(see Help screen for additional instructions)  |                      |                  |          |
| 2. I canceled this payment and established a receivable because the customer<br>was not entitled to the payment. Customer repayment is required.  |                      |                  |          |
| 3. I canceled in error when the customer:<br>- returned the check for reissue, or<br>- reported the original as lost/stolen/destroyed.<br>(see Help screen for additional instructions) |                      |                  |          |
| Please enter reason code ____   |                      |                  |          |
| Enter=Continue Help=Help Text   |                      |                  |          |

**Note:** The Help Text provides guidance on additional actions that must be taken when reason codes “1” or “3” are selected. PRESS “Help” to display Help Text Screen ANK52026H01.

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## 2 Canceling a Payment Transaction (Continued)

**G**

**Reason Code for Cancellation (Continued)**      The following table provides information on the reason codes and additional actions that must be taken for each reason code.

| Reason Code | Circumstance  | Additional Action Necessary  |
|-------------|---|--|
| 1           | The program application requires that a payment be canceled when the payment amount is in error, rather than processing an overpayment or underpayment.   | <p>Enter a new program payment for the correct amount. When the program interfaces to the Accounting DCS, Screen ABK10001 will be displayed to offset the payment. On line "Enter amount due FSA/CCC receivable", enter:</p> <ul style="list-style-type: none"> <li>the original payment amount, if the original payment amount is less than the corrected amount</li> </ul> <p><b>Note:</b> Any additional amount will be issued to the producer/vendor.</p> <ul style="list-style-type: none"> <li>the corrected amount if the original payment amount was greater than the corrected amount.</li> </ul> <p><b>Note:</b> The difference is the amount overpaid, which must be collected from the producer/vendor. Manually prepare an initial notification letter for the remaining amount due FSA/CCC.</p> <p>Use the check for the offset amount to record a receivable collection according to 67-FI.</p> |
| 2           | The producer/vendor was not entitled to a payment.  | The receivable is valid. Send the initial notification letter to the producer/vendor.  |
| 3           | The producer/vendor requested a substitute check for an expired check, or reported a check as lost, stolen, or destroyed. However, the County Office selected the "Cancel Payment" option when intending to prepare a substitute check. | <p>First, enter the program payment for the correct amount. When the program interfaces to the Accounting DCS, Screen ABK10001 will be displayed to offset the payment. On line "Enter amount due FSA/CCC receivable", enter the amount of the original payment. Use this offset check to record a receivable collection according to 67-FI.</p> <p>Next, access Disbursement/Check Writing Menu ANK000, Option 10, "Substitute Functions", to issue a substitute check payable to the producer/vendor. Use the check number of the originally issued check as the check number for cancellation through the substitute option.</p> <p><b>Important:</b> Do <b>not</b> use the check number of the offset check printed above.</p>   |



### 3 Importance of Correctly Identifying CCC-184 Availability

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#### **A Effect on Establishing Receivable**

When a payment is canceled, and the original payment:

- has been negotiated by the producer/vendor, the amount of the original payment must be recovered from the producer/vendor

**Note:** A receivable is established to provide due process of notifying the producer/vendor that an amount is due FSA/CCC.

- is returned to the office, the producer/vendor does not have a debt due FSA/CCC, and a receivable should not be established.

When CCC-184 is incorrectly identified as:

- available when CCC-184 is not returned to the office, the receivable will not be established, and the producer/vendor will have use of the funds

**Note:** A KCFO check exception listing showing the check as “issued/paid/canceled” will be created that will require additional research and correction by the County Office.

- not available when CCC-184 is returned to the office, the producer/vendor will have an erroneous debt due FSA/CCC even though the producer/vendor did not have use of the funds.

Correctly identifying the availability of CCC-184 will ensure the integrity of the receivable process.

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### 3 Importance of Correctly Identifying CCC-184 Availability (Continued)

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#### B

#### Effect on CCC-1099 Reporting

A payment cancellation will affect CCC-1099-G and CCC-1099-MISC reporting based on the availability of the payment being canceled. The following table provides information on the effect a payment cancellation will have on CCC-1099 reporting.

| When a payment is canceled as...             | CCC-1099 will...  |
|--|---|
| available                                    | not include the payment. The original payment will be removed from the CCC-1099 block containing payment data.  |
| not available, with a reason code "1" or "3" | not include the payment. The original payment will be removed from the CCC-1099 block containing payment data. However, the refunded amount will appear in the refund block of CCC-1099.  |
| not available, with a reason code "2"        | include the payment as an amount issued to the producer/vendor. Any receivable collections will be shown as a refund on CCC-1099.<br><br><b>Note:</b> Refunds appear on the CCC-1099 as a courtesy to the producer/vendor. Refunds are not reported to IRS. |

### 4 Action

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#### A

#### County Office Action

County Offices shall:

- ensure that the CCC-184 availability is entered correctly when a payment is canceled
- immediately take corrective actions when a payment cancellation results in an erroneous receivable being established
- follow procedures in 67-FI for processing receivables
- contact the State Office if an "ABEND" error is received during the payment cancellation process

**Note:** The State Office shall contact the National Help Desk to report the problem.

- process program overpayments through the automated application, if overpayment processing is available.

**Note:** The payment cancellation is not intended to replace program overpayment processing.

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